Report

of the

Examination of

Caledonia Mutual Fire Insurance Company

Portage, Wisconsin

As of December 31, 2000

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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May 17, 2001

Honorable Connie L. O'Connell
Commissioner of Insurance
State of Wisconsin
121 East Wilson Street
Madison, Wisconsin 53702

Commissioner:

In accordance with your instructions, an examination has been performed as of December 31, 2000, of the affairs and financial condition of

CALEDONIA MUTUAL FIRE INSURANCE COMPANY
Portage, Wisconsin

and the following report thereon is respectfully submitted:

I. INTRODUCTION

The last examination of this company was made in 1996 as of December 31, 1995. The current examination covered the intervening time period ending December 31, 2000, and included a review of such subsequent transactions deemed essential to complete this examination.

The Summary of Examination Results contains elaboration on all areas of the company's operations. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The company was originally organized as a town mutual insurance company in August of 1873 under the provisions of the then existing Wisconsin Statutes. The original name of the company was the Caledonia Farmers' Mutual Insurance Company. Subsequent amendments to the company's articles and bylaws changed the company's name to that presently used.

During the period under examination, there were no amendments to the articles of incorporation and no amendments to the bylaws.

A review of the certificate of authority revealed that the company is currently licensed to write business in the following counties:

Columbia and Sauk

The company is currently licensed to write property, including windstorm and hail, and nonproperty insurance.

A review was made of the policy and application forms currently used by the company. The company issues an approved policy with or without endorsements for terms of three year's with premiums payable on the advance premium basis. Policy fees charged policyholders are retained by the company.

Business of the company is acquired through six agents, all of whom are directors of the company. Agents are presently compensated for their services by receiving $15 per policy written and an additional $15 is received per liability policy written.

Losses are adjusted by members of the adjusting committee, which is the full board of directors. The adjustment of the loss is at the discretion of the director that was called to the loss. If the director does not feel comfortable with the loss, the other directors are called to assist in adjusting the loss. Adjusters receive $25 for each loss adjusted and no travel allowance.

Policyholders may participate in the management and control of the company by attending and voting at all annual or special meetings of the members. No member may vote by proxy. The annual meeting of the company for the election of directors and special meetings of the company are held in accordance with its articles of incorporation.

Board of Directors

The board of directors consists of six members divided into three classes. One class is elected at each annual meeting for a term of three years. Vacancies on the board may be filled by the directors for the interim to the next annual meeting when a director shall be chosen for the unexpired term.

The current board of directors consists of the following policyholders of the company:

Name	Principal Occupation	Residence	Expiry
William Startz	County Highway Department	Pardeeville, WI	2001
David Ziehmke	Farmer	Portage, WI	2001
Jeff Miller	Fireman – City of Madison	Madison, WI	2002
Robert Grotzke	Farmer	Portage, WI	2002
Donald Ziemke	Retired	Baraboo, WI	2003
Emery Benson	Mechanic/Tow Truck Operator	Merrimac, WI	2003

Members of the board currently receive $25 for each half-day and $40 for each full day of meetings attended and $.345 per mile for travel expenses.

Officers

Officers are elected by the board of directors from among its members and hold office for one year or until their successors are duly elected and qualified.

Officers serving at the present time are as follows:

Name	Office	Annual Salary
David Ziehmke	President	$ 300
William Statz	Vice President	$ 0
Donald Ziemke	Treasurer/Secretary	$1,200

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

Adjusting Committee
David Ziehmke
William Statz
Jeff Miller
Robert Grotzke
Donald Ziemke
Emery Benson

Investment Committee
David Ziehmke
William Statz
Jeff Miller
Robert Grotzke
Donald Ziemke
Emery Benson

Inspection Committee
David Ziehmke
William Statz
Jeff Miller
Robert Grotzke
Donald Ziemke
Emery Benson

The company does not elect a chairperson for the three committees. The whole Board participates in the committees.

Growth of Company

The growth of the company during the past five years as compiled from its filed annual statements was as follows:

Year	Net Premiums Earned	Net Losses and LAE Incurred	Policies In Force	Net Income	Admitted Assets	Policyholders' Surplus
1996	$16,407	$ 5,226	112	$24,079	$448,072	$432,417
1997	17,316	10,332	110	32,865	488,439	475,918
1998	16,074	21,183	111	11,865	533,211	512,941
1999	18,175	3,091	112	28,152	532,029	516,086
2000	16,532	5,397	112	43,132	574,716	564,864

The ratios of premiums written, gross and net, to surplus as regards policyholders during the past five years were as follows:

Year	Gross Premiums Written	Net Premiums Written	Ending Surplus	Writings Ratios Gross	Writings Ratios Net
1996	$49,500	$15,291	$432,417	11%	4%
1997	43,713	14,589	475,918	9	3
1998	46,356	18,279	512,941	9	4
1999	50,658	18,101	516,086	10	4
2000	43,469	16,532	564,864	8	3

For the same period, the company's operating ratios were as follows:

Year	Net Losses and LAE Incurred	Other Underwriting Expenses Incurred	Net Earned Premiums	Loss Ratio	Expense Ratio	Composite Ratio
1996	$ 5,226	$ 7,701	$16,407	32%	50%	82%
1997	10,332	6,199	17,316	60	42	102
1998	21,183	7,670	16,074	132	42	174
1999	3,091	11,101	18,175	17	61	78
2000	5,397	6,658	16,532	33	51	84

During the period under examination, policies in force have remained stable. Gross premiums have decreased 12%. This is primarily the result of rate decreases. Surplus has increased 31% since 1996. While the company has a small amount of business its operations have been profitable due to favorable loss experience investment income and low expenses.

II. REINSURANCE

The examiners' review of the company's reinsurance portfolio revealed there is currently one ceding treaty. The treaty contained a proper insolvency clause and complied with s. Ins 13.09 (3), Wis. Adm. Code, concerning maximum wind loss. Company retentions of risk complied with s. Ins 13.06, Wis. Adm. Code.

Reinsurer:	Wisconsin Reinsurance Corporation
Effective date:	January 1, 2001
Termination provisions:	Either party may terminate this contract as of any subsequent January 1 by giving to the other party at least 90 days' advance notice in writing.

The coverages provided under this treaty are summarized as follows:

1.	Type of contract:	Class A Casualty Quota Share Reinsurance
	Lines reinsured:	All business classified as casualty
	Company's retention:	The company cedes on a pro rata basis and the reinsurer assumes 100% of the company's business.
	Coverage:	Reinsurer shall be liable for 100% of each and every loss, including loss adjustment expense, occurring on the business covered, subject to the maximum policy limits: a. $1,000,000 per occurrence, single limit or combined for bodily injury and property damage liability. b. $1,000,000 split limits, in any combination of bodily injury and property damage liability. c. $5,000 for medical payments, per person; $25,000 per accident.
	Reinsurance premium:	For each annual period this contract is in effect, the company shall pay to the reinsurer 100% of the premium written for each and every policy issued with respect to the business covered.
	Ceding commission:	The reinsurer shall pay a commission to the company of 15% of the premium paid to the reinsurer. Return commission shall be allowed at the same rate on all return premiums paid by the company.
2.	Type of contract:	Class B First Surplus
	Lines reinsured:	All property business
	Company's retention:	When the company's net retention is $100,000 or more in respect to a risk, the company may cede on a pro rata basis, and the reinsurer shall be obligated to accept up to $800,000 of such risk ceded. When the company's net

		retention is $100,000 or less in respect to a risk, the company may cede on a pro rata basis, and the reinsurer shall be obligated to accept up to 50% of such risk.
	Coverage:	The pro rata portion of each and every loss, including loss adjustment expense, corresponding to the amount of the risk ceded.
	Reinsurance premium:	The pro rata portion of all premium, fees and assessments charged by the company corresponding to the amount of each risk ceded.
	Ceding commission:	When the loss ratio is 65% or greater, the reinsurer shall allow the company a minimum commission of 15%. The minimum commission shall increased by 1% decrease in the loss ratio subject to a maximum commission of 35% when the loss ratio is 45% or less.
3.	Type of contract:	Class C Excess of Loss
	Lines reinsured:	All property business
	Company’s retention:	100% of any loss, excluding loss adjustment expense, in excess $20,000 in respect to each and every occurrence
	Coverage:	Reinsurer’s limit of liability shall be $80,000 in respect to each and every loss occurrence.
	Reinsurance premium:	Based on the company’s experience over the past four years once removed. Subject to a minimum rate of 10% and a maximum rate 25%. The current rate is 10%. For the period, the company shall pay a deposit premium of $2,400 payable in equal monthly installments of $200 each, due within 15 days of the billing date. The minimum premium for the current year shall be $2,000.
	Deductible:	Annual aggregate deductible of $20,000
4.	Type of contract:	Class D/E Stop Loss
	Lines reinsured:	All business written by company
	Company's retention:	The company shall retain net for its own account an amount of losses (excluding loss adjustment expenses) equal to not less than 150% of the company’s net premium written, subject to a minimum net retention of $23,000.
	Coverage:	100% of the amount, if any, by which the aggregate of the company’s losses (excluding loss adjustment expenses) which occur during any annual period exceed an amount equal to 150% of the company’s net premiums written.
	Reinsurance premium:	The rate in effect shall be determined by taking the sum of the eight year’s losses incurred (paid plus outstanding) by reinsurer divided by the total of the net premium written for the same period multiplied by the factor of 100/80ths.

Subject to a minimum rate of 10% and a maximum rate of 25% of current net written premiums. For each annual period in effect, the company shall pay to the reinsurer a deposit premium of $2,400 payable in equal monthly installments of $200 each, due within 15 days of the billing date. The minimum premium for the current year is $2,000.

III. FINANCIAL DATA

The following financial statements were filed with the Commissioner of Insurance in the company's annual statement at December 31, 2000. Adjustments made as a result of the examination are noted at the end of this section of this report in the area captioned "Reconciliation of Policyholders' Surplus."

Caledonia Mutual Fire Insurance Company
Statement of Assets and Liabilities
As of December 31, 2000

Assets	Ledger	Nonledger	Not Admitted	Net Admitted
Cash Deposited in Checking Account	$ 6,331	$	$	$ 6,331
Cash Deposited at Interest	324,925			324,925
Stocks or Mutual Fund Investments (at Market)	236,842			236,842
Investment Income Due or Accrued		2,773		2,773
Other Assets Commission Receivable	3,845			3,845
TOTALS	$571,943	$2,773	$	$574,716

Liabilities and Surplus

Net Unpaid Losses	$ 965
Fire Department Dues Payable	92
Net Unearned Premiums	8,101
Reinsurance Payable	334
Amounts Withheld for the Account of Others	180
Payroll Taxes Payable	180
TOTAL LIABILITIES	9,852
Policyholders' Surplus	564,864
TOTAL	$574,716

Caledonia Mutual Fire Insurance Company
Statement of Operations
For the Year 2000

Net Premiums and Assessments Earned	$16,532
Deduct:	
Net Losses Incurred	3,911
Net Loss Adjustment Expenses Incurred	1,486
Other Underwriting Expenses Incurred	6,658
Total Losses and Expenses Incurred	12,055
Net Underwriting Gain (Loss)	4,477
Net Investment Income:	
Net Investment Income Earned	24,748
Net Realized Capital Gains	13,907
Total Investment Income	38,655
Net Income (Loss)	$43,132

Caledonia Mutual Fire Insurance
Reconciliation and Analysis of Surplus as Regards Policyholders
For the Five-Year Period Ending December 31, 2000

The following schedule is a reconciliation of surplus as regards policyholders during the period under examination as reported by the company in its filed annual statements:

Surplus as regards policyholders, December 31, 1995		$404,243
1996		
Net income (loss)	$24,079	
Net unrealized capital gains or losses	3,095	
Change in nonadmitted assets	1,000	
Change in surplus as regards policyholders for the year		28,174
Surplus as regards policyholders, December 31, 1996		432,417
1997		
Net income (loss)	$32,865	
Net unrealized capital gains or losses	9,636	
Change in nonadmitted assets	1,000	
Change in surplus as regards policyholders for the year		43,501
Surplus as regards policyholders, December 31, 1997		475,918
1998		
Net income (loss)	$11,107	
Net unrealized capital gains or losses	25,026	
Change in nonadmitted assets	890	
Change in surplus as regards policyholders for the year		37,023
Surplus as regards policyholders, December 31, 1998		512,941
1999		
Net income (loss)	$28,152	
Net unrealized capital gains or losses	(25,007)	
Change in surplus as regards policyholders for the year		3,145
Surplus as regards policyholders, December 31, 1999		516,086
2000		
Net income	$43,132	
Net unrealized capital gains or losses	5,646	
Change in surplus as regards policyholders for the year		48,778

Surplus as regards policyholders, December 31, 2000	$564,864

Reconciliation of Policyholders' Surplus

A reconciliation of the policyholders' surplus as reported by the company in its filed annual statement and as determined by the examination is detailed in the following schedule:

Policyholders' Surplus per December 31, 2000, Annual Statement			$564,864
Item	**Increase**	**Decrease**	
Common Stock	$	$ 7,920	
Total	$	$7,920	
Decrease to Surplus per Examination			7,920
Policyholders' Surplus per Examination			$556,944

IV. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

Comments and recommendations contained in the last examination report and the action taken on them by the company are as follows:

1. Corporate Records—It is recommended that the company identify the number of policyholders present at the annual meetings of the policyholders meeting in order to verify that a quorum was present and that the company is in compliance with s. 181.17, Wis Stat. and the company's articles of incorporation.

   Action—Compliance

2. Corporate Records—It is recommended that the company list all of its licensed agents with the Commissioner as required by s. Ins 6.57, Wis. Adm. Code, and s. 628.11, Wis. Stat..

   Action—Compliance

3. Claims Adjusting—It is recommended that the company annually appoint an adjusting committee in accordance with the provisions of s. 612.13 (4), Wis. Stat..

   Action—Compliance

5. Stock and Mutual Fund Investments—It is recommended that within 90 days of the adoption of this report the company either:

   (1) Divest of the Bristol Myers Squibb and Phillip Morris common stocks to come into compliance with s. Ins 6.20 (5) (e), Wis. Adm. Code, of the old investment rule; or

   (2) Amend its investment portfolio to provide for sufficient "Type 1" investments to come into compliance with s. Ins 6.20, Wis. Adm. Code, of the new investment rule.

   Action—Compliance

5. Stock and Mutual Fund Investments—It is recommended that the company limit all current and future holdings in commons stocks to 3% of admitted assets per issue, in accordance with s. Ins 6.20 (5) (g), Wis. Adm. Code.

   Action—Compliance

Current Examination Results

Corporate Records

The minutes of the annual meetings of policyholders and meetings of the board of directors and any committees thereof, were reviewed for the period under examination and also for the subsequent current period.

Biographical data relating to company officers and directors have been reported in accordance with the provisions of s. Ins 6.52, Wis. Adm. Code.

The company has not executed formal written agreements with its agents. All of the company's agents are directors. One of the company's directors is a licensed agent in Wisconsin and writes all the nonproperty policies for the company.

Conflict of Interest

In accordance with a directive of the Commissioner of Insurance, each company is required to establish a procedure for the disclosure to its board of directors of any material interest or affiliation on the part of its officers, directors, or key employes which conflicts or is likely to conflict with the official duties of such person. A part of this procedure is the annual completion of a conflict of interest questionnaire by the appropriate persons. The company has adopted such a procedure for disclosing potential conflicts of interest. Conflict of interest questionnaires were reviewed for the period under examination with no apparent conflicts being noted.

Fidelity Bond and Other Insurance

The company is afforded coverage under the terms of the following bonds or contracts and has complied with s. Ins 13.05 (6), Wis. Adm. Code, which sets forth the minimum requirements for fidelity bond coverage:

Type of Coverage	Coverage Limits
Fidelity Bond	35,000
Professional Liability	1,000,000
Directors & Officers Liability	1,000,000

Underwriting

The company has a written underwriting guide. The guide covers all the lines of business that the company is presently writing.

The company does not have a formal inspection procedure for both new and renewal business. However, agents meet with the policyholders and reunderwrite each policy every three years.

Claims Adjusting

The company has an adjusting committee consisting of at least three directors as required by s. 612.13 (4), Wis. Stat. The function of this committee is to adjust or supervise the adjustment of losses.

Accounts and Records

The examiners' review of the company's records indicated that the company is in compliance with s. Ins 13.05, Wis. Adm. Code, which sets forth the minimum standards for the handling of cash and recording of cash transactions by town mutual insurance companies. The examiners noted the following:

1. A proper policy register is maintained
2. A proper cash receipts journal is maintained
3. A proper cash disbursements journal is maintained
4. A proper general journal is maintained
5. A proper general ledger is maintained

An extensive review was made of income and disbursement items. Cash receipts were traced from source records and the proper recording and eventual deposit thereof ascertained. Negotiated checks issued during the period under examination were reviewed, test checked for proper endorsement, and traced to cash records. The verification of assets and determination of liabilities were made as of December 31, 2000.

The company is not audited annually by an outside public accounting firm.

EDP Environment

Company personnel were interviewed with respect to the company's Electronic Data Processing environment. Access to the computer is not limited to people authorized to use the computer because it is a family computer.

Company personnel back up the computer, but not on a regular basis and the backed-up data is kept on-site. It is recommended that the company establish a procedure in which its computer system is backed up at least weekly and the backed-up data is kept in a safe place separate from the location where the computer is kept.

Disaster Recovery Plan

A disaster recovery plan identifies steps to be performed in case the company loses a key employe, is not able to access its computer, information on its computer was lost, or the office building was destroyed, to name a few contingencies. The company has developed a disaster recovery plan. The company's disaster recovery plan appears to be adequate.

Invested Assets

Section 610.23, Wis. Stat., requires insurers to hold all investments and deposits of its funds in its own name except that:

> (1) Securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of the bank or banking and trust company; and
>
> (2) Any insurer may acquire and hold securities in bearer form.

For securities not held under a custodial agreement or trust arrangement with a bank or banking and trust company, s. Ins 13.05 (4), Wis. Adm. Code, requires that:

> Non-negotiable evidences of company investments such as registered bonds, certificates of deposits, notes, etc., shall be maintained in a safe or vault with adequate safety controls or in a safety deposit box in a bank. Negotiable evidences of company investments shall be maintained in a safety deposit box in a bank. Access to a company safety deposit box containing negotiable securities shall require the presence and signature of at least 2 officers, directors or employes of the company.

The company is in compliance with these requirements.

Transition into the New Investment Rule

On January 1, 1996, the investment rule for town mutuals was amended to allow town mutuals to invest in common stocks, common stock mutual funds, and other higher risk investments (referred to as "Type 2") provided that the town mutual has a sufficient amount of lower risk investments (referred to as "Type 1"). A town mutual may invest in Type 2 securities only if it already has sufficient Type 1 investments. Type 1 investments must equal or exceed the greater of items 1, 2, or 3.

1.	Liabilities plus $300,000	$309,852
2.	Liabilities plus 33% of gross premiums written	24,197
3.	Liabilities plus 50% of net premiums written	16,375
4.	Amount required (greater of 1, 2, or 3)	309,852
5.	Amount of Type 1 investments as of 12/31/2000	388,562
6.	Excess or (deficiency)	$ 78,710

The company has sufficient Type 1 investments.

The new investment rule prescribes that a town mutual shall divest any investment which does not comply with the rule within three years of its noncompliance, unless the Commissioner permits a longer period or requires a shorter period. Currently the company has all of its investments in compliance with the new investment rule.

ASSETS

Cash and Invested Cash **$**331,256

The above asset is comprised of the following types of cash items:

Cash deposited in banks-checking accounts	$ 6,331
Cash deposited in banks at interest	324,925
Total	$331,256

Cash deposited in banks subject to the company's check and withdrawal consists of one account maintained in one bank. Verification of checking account balances was made by obtaining confirmations directly from the depositories and reconciling the amounts shown thereon to company records.

Cash deposited in banks represents the aggregate of twelve deposits in four depositories. Deposits were verified by direct correspondence with the respective depositories and by an actual count and inspection of certificates and/or passbooks. Interest received during the year 2000 totaled $14,718 and was verified to company cash records. Rates of interest earned on cash deposits ranged from 3.920% to 6.930%. Accrued interest on cash deposits totaled $2,582 at year-end.

Stocks and Mutual Fund Investments $228,922

The above asset consists of the aggregate market value of stocks and mutual funds held by the company as of December 31, 2000. Stocks owned by the company are located in a safety deposit box.

Stock certificates were physically examined by the examiners. Stock and mutual fund purchases and sales for the period under examination were checked to brokers' invoices and advices. The company's investment in stocks and mutual funds was in conformance with Wisconsin Statutes and the rules of the Commissioner of Insurance as regards investments made by town mutual insurers.

An adjustment had to be made to the common stock due to an error in the number of shares listed in the annual statement. Also the company had sold some shares of this stock prior to year-end. This adjustment decreased common stock by $7,920 and is reflected in the section of this report captioned “Reconciliation of Policyholder’s Surplus”.

Dividends received during 2000 on stocks and mutual funds amounted to $12,360 and were traced to 1099 DIV’s. It was noted during the examination that the company was not itemizing all of its dividends that it received during the year in company records. It consists of $2,582 of interest due on cash in banks and $191 on stocks. During the examination the balance was determined to be reasonably stated. However, it recommended that the company itemize all its dividends that were received during the year so that they are reported accurately on the annual statement. Accrued dividends of $191 at December 31, 2000, were checked and allowed as a nonledger asset.

Investment Income Due and Accrued **$**2,773

Interest due and accrued on the various assets of the company at December 31, 2000, consists of the following:

Cash at Interest	$2,582
Stock	191
Total	$2,773

As noted in the section above, investment income due and accrued was verified by the examination and was found to be accurately stated.

LIABILITIES AND SURPLUS

Net Unpaid Losses **$**965

This liability represents losses incurred on or prior to December 31, 2000, and remaining unpaid as of that date.

The examiners' review of claim files included open claims, paid claims, claims closed without payment, and all claims which were denied during the examination period. The review indicated that claims are investigated and evaluated properly and that payments are made promptly and in accordance with policy provisions upon the submission of a proper proof of loss. In addition, the review of claims handling procedures and files revealed the following:

1. A proper loss register is maintained.
2. Claim files contained sufficient investigatory data and documentation to verify settlement payments or reserve estimates.
3. Proofs of loss were properly signed.

Unearned Premiums **$**8,101

This liability represents the reserve established for unearned premiums in compliance with s. Ins 13.08 (3), Wis. Adm. Code. This reserve was established using a daily pro rata methodology.

Reinsurance Payable **$**334

This liability consists of amounts due to the company's reinsurer at December 31, 2000, relating to transactions which occurred on or prior to that date.

Class A – Liability	$1,409
Class C-1	(490)
Class D/E	(600)
First Surplus Premium	18
First Surplus Commission	(3)
	$ 334

Subsequent cash disbursements and reinsurance accountings verified the amount of this liability.

Fire Department Dues Payable **$**92

This liability represents the fire department dues payable at December 31, 2000.

The examiners reviewed the company's fire department dues calculation and found this liability to be correctly calculated. The actual amount paid was verified to the cash disbursement records.

Amounts Withheld for the Account of Others **$**180

This liability represents employee payroll deductions in the possession of the company at December 31, 2000. Supporting records and subsequent cash disbursements verified this item.

Payroll Taxes Payable **$**180

This liability represents the company's portion of payroll taxes incurred prior to December 31, 2000, which had not yet been paid. Supporting records and subsequent cash disbursements verified this item.

V. CONCLUSION

The examination verified the financial condition of the company making one adjustment to surplus of $(7,920). Policies in force remained about the same during the period under examination. Gross premiums decreased 12% to $43,469 in 2000 and is primarily the result of a rate reduction. The company had favorable loss experience each year under examination except for 1998, which had several windstorms. Surplus has increased 38%, from $404,243 in 1995 to $556,944 in 2000. While the company has a small amount of business its operations have been profitable due to favorable loss experience,its investment income and low expenses.

The board of directors is actively involved in the approval of disbursements, claim settlement, risk evaluation, and investments. The company has complied with all prior examination recommendations.

VI. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 17 - EDP Environment—It is recommended that the company establish a procedure in which its computer system is backed up at least weekly and the backed-up data is kept in a safe place separate from the location where the computer is kept.

2. Page 21 - Stock and Mutual Fund Investments—It is recommended that the company itemize all dividends received during the year in company records so that they can be reported accurately on the annual statement.

VII. ACKNOWLEDGMENT

The courteous cooperation extended to the examiners by the company's personnel is hereby acknowledged.

In addition to the undersigned, Karla Harris of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Respectfully submitted,

Lori Cretney
Examiner-in-Charge